GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Industries & Commerce Department –Amendment to Andhra Pradesh MSME & Entrepreneur Development Policy 4.0 (2024-29) – Adoption of new classification of Micro Small Medium Enterprises as per Gazette Notification of Government of India to be applicable w.e.f 01.04.2025 -Orders – Issued.

INDUSTRIES & COMMERCE (PROGRAMME-I) DEPARTMENT

G.O.MS.No. 110 Dated: 27-06-2025
Read the following:

1. G.O.Ms.No.69, Ind. & Com.(Prog-I) Department, Dt:26-10-2024.
2. G.O.Ms.No.22, Ind. & Com.(Prog-I) Department, Dt:17-02-2025.
3. From the Director of Industries, e-file No. INC02-20029/46/2025-MSME& E &C&B II-DOI (Computer No. 2859098).

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ORDER:

In the reference 1st read above, for the upliftment of MSMEs in the state, Government has released AP MSME & Entrepreneurship Development Policy 4.0 (2024-29), announcing competitive and best package of incentives to MSMEs and Entrepreneurs.

2. In the reference 2nd read above, the GoAP issued the amendment/ additions to Andhra Pradesh MSME and Entrepreneur Development Policy 4.0 (2024-29).

3. In the reference 3rd read above, Government of India made amendments regarding classification of MSMEs w.r.t Investment and Turnover, **to be applicable w.e.f 01.04.2025** and accordingly, proposals have been received from Director of Industries for the adoption of the revised classification of MSMEs w.r.t investment and turnover for the manufacturing sectors as far as various policies are concerned, **to be applicable w.e.f 01.04.2025**.

4. In the circumstance reported by the Director of Industries in the reference 3rd read above, Government after careful examination of the matter hereby issued the following amendments to Andhra Pradesh MSME and Entrepreneur Development Policy 4.0 (2024-29) issued {vide reference-1st cited above read with reference-2nd cited above}, duly adopting the new classification of Micro Small Medium Enterprises as per Gazette Notification, Government of India on 21st March 2025, **to be applicable w.e.f 01.04.2025**.

(P.T.O)

1. Paragraph 5.1 of Content 5, pertaining to the Eligibility Criteria for availing Incentives and Offerings under the "Andhra Pradesh MSME & Entrepreneur Development Policy (4.0) 2024-29," is hereby modified. Consequently, the investment bands for MSMEs in the manufacturing sector will be revised as follows:

Change of classification as per Investment on Plant and Machinery/Equipment

Category as per existing classification		Changed Category as per new classification	
Category	Investment limits	Investment limits	Category
Micro	upto ₹ 1 Cr	Upto ₹ 2.5 Cr	Micro
Small	Above ₹ 1 Cr upto ₹ 2.5 Cr		
Small	above 2.5 Cr upto ₹ 10 Cr	Above ₹ 2.5 Cr upto ₹ 25 Cr	Small
Medium	above ₹ 10 Cr upto ₹ 25 Cr		
Medium	above ₹ 25 Cr upto ₹ 50 Cr	Above ₹ 25 Cr upto ₹ 125 Cr	Medium
Sub – Large under IDP	above ₹ 50 Cr upto ₹ 125 Cr		

i. Units with investments in plant and machinery/equipment up to ₹ 1 crore (existing micro units) and those with investments above ₹ 1 crore to ₹ 2.5 crore (existing small units) will fall under the micro category as per the new classification.

ii. Units with investments in plant and machinery/equipment above ₹ 2.5 crore to ₹ 10 crore (existing small units) and those with investments above ₹ 10 crore to ₹ 25 crore (existing medium units) will fall under the small category as per the new classification.

iii. Units with investments in plant and machinery/equipment above ₹ 25 crore to ₹ 50 crore (existing medium units) and those with investments above ₹ 50 crore to ₹ 125 crore (existing sub-large units as per IDP 2024-29) will fall under the medium category as per the new classification.

2. Paragraphs **6.3** (i.e., Capital Subsidy), **6.4** (Technology Upgradation Cost), **6.5** (Power Cost Reimbursement), **6.6** (SGST Reimbursement), **6.7** (Skill upgradation cost), **6.8** (Energy & Water audit cost), **6.9**(Local Procurement Subsidy) and **6.10** (Quality Certification cost top-up) of Content 6 shall now be read as follows:

(Contd.. ..3)

Amendment proposed to the MSME in MEDP 4.0						
	Micro		**Small**		**Medium**	
Slab	**Slab -I**	**Slab -II**	**Slab -I**	**Slab -II**	**Slab -I**	**Slab -II**
Investment limit	**Upto ₹ 1 Cr**	**Above ₹ 1 Cr upto ₹ 2.5 Cr**	**Above ₹ 2.5 Cr upto ₹ 10 Cr**	**Above ₹ 10 Cr upto ₹ 25 Cr**	**Above ₹ 25 Cr upto₹ 50 Cr**	**Above ₹ 50 Cr upto ₹ 125 Cr**
Capital Subsidy	25% of FCI (Cap- ₹ 25 Lakhs) on 1st invoice in 2 yrs	25% of FCI (**Cap ₹ 50 lakhs)** on 1st invoice in 3 yrs	25% of FCI (Cap - ₹ 1.5 Cr) on 1st invoice in 3 yrs	25% of FCI **(Cap ₹ 5 Cr)** on 1st invoice in 4 yrs	25% of FCI (Cap -₹ 7 Cr) on 1st invoice in 4 yrs	25% of FCI **(Cap -₹ 10 Cr)** on 1st invoice in 5 yrs
Tech upgradation/ expansion cost	20% of FCI (Cap - ₹ 20 Lakhs) 1st invoice in 2 yrs	20% of FCI (**Cap ₹ 50 lakhs**) 1st invoice in 3 yrs	20% of FCI (Cap - ₹ 1 Cr) on 1st invoice in 3 yrs	20% of FCI **(Cap - ₹ 3 Cr)** on 1st invoice in 5 yrs	20% of FCI (Cap - ₹ 5 Cr) on 1st invoice in 5 yrs	20% of FCI **(Cap - ₹ 8 Cr)** on 1st invoice in 5 yrs
Power cost reimbursement	₹ 1 per unit for 5 yrs from DCP (annual cap – ₹ 1 Lakh)	₹ 1 per unit for 5 yrs from DCP (**annual cap – ₹ 1.5 Lakhs**)	₹ 1 per unit for 5 yrs from DCP (annual cap – ₹ 5 Lakhs)	₹ 1 per unit for 5 yrs from DCP (**annual cap – ₹ 10 Lakhs**)	₹ 1 per unit for 5 yrs from DCP (annual cap – ₹ 15 Lakhs)	₹ 1 per unit for **2 yrs** from DCP (annual cap – ₹ 15 Lakhs)
SGST reimbursement	100% for 5 yrs (annual cap - 5% turnover)	100% for 5 yrs (annual cap - 5% turnover)	100% for 5 yrs (annual cap - 5% turnover)	100% for 5 yrs (annual cap - 5% turnover)	100% for 5 yrs (annual cap - 5% turnover)	
Skill upgradation cost	₹ 5,000 per person for max. of 10 persons	₹ 10,000 per person for max. of 20 persons	₹ 10,000 per person for max. of 20 persons	100% of Employer contribution to EPF (Cap - ₹ 1 Lakh per annum) for 3 yrs	100% of Employer contribution to EPF (Cap - ₹ 1 Lakh per annum) for 3 yrs	Nil
Energy & water audit cost	75% of cost (Water audit cap ₹ 1Lakh | Energy audit cap ₹ 2Lakh) during policy period	75% of cost (Water audit cap ₹ 1Lakh | Energy audit cap ₹ 2Lakh) during policy period	75% of cost (Water audit cap ₹ 1Lakh | Energy audit cap ₹ 2Lakhs) during policy period	75% of cost (Water audit cap ₹ 1Lakh | Energy audit cap ₹ 2Lakhs) during policy period	75% of cost (Water audit cap ₹ 1Lakh | Energy audit cap ₹ 2Lakh) during policy period	Nil

(Contd... ..4)

Amendment proposed to the MSME in MEDP 4.0						
	Micro		**Small**		**Medium**	
Slab	**Slab -I**	**Slab -II**	**Slab -I**	**Slab -II**	**Slab -I**	**Slab -II**
Investment limit	**Upto ₹ 1 Cr**	**Above ₹ 1 Cr upto ₹ 2.5 Cr**	**Above ₹ 2.5 Cr upto ₹ 10 Cr**	**Above ₹ 10 Cr upto ₹ 25 Cr**	**Above ₹ 25 Cr upto₹ 50 Cr**	**Above ₹ 50 Cr upto ₹ 125 Cr**
	25% of cost of equipment as per auditing, Cap - ₹ 20Lakhs	25% of cost of equipment as per auditing, Cap - ₹ 40Lakhs	25% of cost of equipment as per auditing, Cap - ₹ 40Lakhs	25% of cost of equipment as per auditing, Cap - ₹ 50Lakhs	25% of cost of equipment as per auditing, Cap - ₹ 50Lakh	
Local procurement subsidy	1% annual turnover for 3 yrs (Max cap – ₹ 15 Lakhs)	1% annual turnover for 3 yrs (Max cap – ₹ 1.5 Cr)	1% annual turnover for 3 yrs (Max cap – ₹ 1.5 Cr)	1% annual turnover for 3 yrs (Max cap – ₹ 7 Cr)	1% annual turnover for 3 yrs (Max cap – ₹ 7 Cr)	1% annual turnover for 3 yrs (Max cap – ₹ 7 Cr)
Quality Certification cost top-up	Balance of GoI subsidy to cover 100% cost	Balance of GoI subsidy to cover 100% cost	Balance of GoI subsidy to cover 100% cost	Balance of GoI subsidy to cover 100% cost	Balance of GoI subsidy to cover 100% cost	Nil

Revised applicable Incentives for special category enterprises as per "Andhra Pradesh MSME & Entrepreneur Development Policy (4.0) 2024-29.

Amendment proposed to the MSME in MEDP 4.0						
	Micro		**Small**		**Medium**	
Slab	**Slab -I**	**Slab -II**	**Slab -I**	**Slab -II**	**Slab -I**	**Slab -II**
Investment limit	**Upto ₹ 1 Cr**	**Above ₹ 1 Cr upto ₹ 2.5 Cr**	**Above ₹ 2.5 Cr upto ₹ 10 Cr**	**Above ₹ 10 Cr upto ₹ 25 Cr**	**Above ₹ 25 Cr upto₹ 50 Cr**	**Above ₹ 50 Cr upto ₹ 125 Cr**
Capital Subsidy	45% of FCI (Cap- ₹ 45 Lakhs) on 1st invoice in 2 yrs	45% of FCI (**Cap ₹ 1 Cr)** on 1st invoice in 3 yrs	45% of FCI (Cap - ₹ 4.5 Cr) on 1st invoice in 3 yrs	45% of FCI **(Cap ₹ 6 Cr)** on 1st invoice in 4 yrs	35% of FCI (Cap -₹ 7 Cr) on 1st invoice in 4 yrs	35% of FCI **(Cap -₹ 10 Cr)** on 1st invoice in 5 yrs

Amendment proposed to the MSME in MEDP 4.0						
	Micro		**Small**		**Medium**	
Slab	**Slab -I**	**Slab -II**	**Slab -I**	**Slab -II**	**Slab -I**	**Slab -II**
Investment limit	**Upto ₹ 1 Cr**	**Above ₹ 1 Cr upto ₹ 2.5 Cr**	**Above ₹ 2.5 Cr upto ₹ 10 Cr**	**Above ₹ 10 Cr upto ₹ 25 Cr**	**Above ₹ 25 Cr upto₹ 50 Cr**	**Above ₹ 50 Cr upto ₹ 125 Cr**
Capital Subsidy (Transport Services) – Only for SC/ST	45% of FCI (Cap- ₹ 45 Lakhs) on 1st invoice in 2 yrs	45% of FCI (Cap- ₹ 75 Lakhs) on 1st invoice in 2 yrs	45% of FCI (Cap- ₹ 75 Lakhs) on 1st invoice in 2 yrs	35% of FCI (Cap- ₹ 75 Lakhs) on 1st invoice in 2 yrs	35% of FCI (Cap- ₹ 75 Lakhs) on 1st invoice in 2 yrs	Nil
Tech up-gradation/ expansion cost	40% of FCI (Cap - ₹ 40 Lakhs) 1st invoice in 2 yrs	40% of FCI (**Cap ₹ 1 Cr**) 1st invoice in 3 yrs	40% of FCI (Cap - ₹ 4 Cr) on 1st invoice in 3 yrs	40% of FCI **(Cap - ₹ 4 Cr)** on 1st invoice in 5 yrs	30% of FCI (Cap - ₹ 5 Cr) on 1st invoice in 5 yrs	30% of FCI **(Cap - ₹ 8 Cr)** on 1st invoice in 5 yrs
Power cost reimbursement	₹ 1.5 per unit for 5 yrs from DCP (annual cap – ₹ 1 Lakh)	₹ 1.5 per unit for 5 yrs from DCP (**annual cap – ₹ 1.5 Lakhs**)	₹ 1.5 per unit for 5 yrs from DCP (annual cap – ₹ 5 Lakhs)	₹ 1.5 per unit for 5 yrs from DCP (**annual cap – ₹ 10 Lakhs**)	₹ 1 per unit for 5 yrs from DCP (annual cap – ₹ 15 Lakhs)	₹ 1 per unit for **2 yrs** from DCP (annual cap – ₹ 15 Lakhs)
SGST reimbursement	100% for 5 yrs (annual cap - 5% turnover)	100% for 5 yrs (annual cap - 5% turnover)	100% for 5 yrs (annual cap - 5% turnover)	100% for 5 yrs (annual cap - 5% turnover)	100% for 5 yrs (annual cap - 5% turnover)	
Skill up-gradation cost	₹ 5,000 per person for max. of 10 persons	₹ 10,000 per person for max. of 20 persons	₹ 10,000 per person for max. of 20 persons	100% of Employer contribution to EPF (Cap - ₹ 1 Lakh per annum) for 3 yrs	100% of Employer contribution to EPF (Cap - ₹ 1 Lakh per annum) for 3 yrs	Nil
Energy & water audit cost	75% of cost (Water audit cap ₹ 1Lakh | Energy audit cap ₹ 2Lakh) during policy period 25% of cost of	75% of cost (Water audit cap ₹ 1Lakh | Energy audit cap ₹ 2Lakh) during policy period 25% of cost of	75% of cost (Water audit cap ₹ 1Lakh | Energy audit cap ₹ 2Lakhs) during policy period 25% of cost of	75% of cost (Water audit cap ₹ 1Lakh | Energy audit cap ₹ 2Lakhs) during policy period 25% of	75% of cost (Water audit cap ₹ 1Lakh | Energy audit cap ₹ 2Lakh) during policy period 25% of cost of	Nil

Amendment proposed to the MSME in MEDP 4.0						
	Micro		**Small**		**Medium**	
Slab	**Slab -I**	**Slab -II**	**Slab -I**	**Slab -II**	**Slab -I**	**Slab -II**
Investment limit	**Upto ₹ 1 Cr**	**Above ₹ 1 Cr upto ₹ 2.5 Cr**	**Above ₹ 2.5 Cr upto ₹ 10 Cr**	**Above ₹ 10 Cr upto ₹ 25 Cr**	**Above ₹ 25 Cr upto₹ 50 Cr**	**Above ₹ 50 Cr upto ₹ 125 Cr**
	equipment	equipment	equipment	cost of	equipment	

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Amendment proposed to the MSME in MEDP 4.0						
	Micro		**Small**		**Medium**	
Slab	**Slab -I**	**Slab -II**	**Slab -I**	**Slab -II**	**Slab -I**	**Slab -II**
Investment limit	**Upto ₹ 1 Cr**	**Above ₹ 1 Cr upto ₹ 2.5 Cr**	**Above ₹ 2.5 Cr upto ₹ 10 Cr**	**Above ₹ 10 Cr upto ₹ 25 Cr**	**Above ₹ 25 Cr upto₹ 50 Cr**	**Above ₹ 50 Cr upto ₹ 125 Cr**
	as per auditing, Cap - ₹ 20Lakhs	as per auditing, Cap - ₹ 40Lakhs	as per auditing, Cap - ₹ 40Lakhs	of equipment as per auditing, Cap - ₹ 50Lakhs	as per auditing, Cap - ₹ 50Lakh	
Local procurement subsidy	1% annual turnover for 3 yrs (Max cap – ₹ 15 Lakhs)	1% annual turnover for 3 yrs (Max cap – ₹ 1.5 Cr)	1% annual turnover for 3 yrs (Max cap – ₹ 1.5 Cr)	1% annual turnover for 3 yrs (Max cap – ₹ 7 Cr)	1% annual turnover for 3 yrs (Max cap – ₹ 7 Cr)	1% annual turnover for 3 yrs (Max cap – ₹ 7 Cr)
Quality Certification cost top-up	Balance of GoI subsidy to cover 100% cost	Balance of GoI subsidy to cover 100% cost	Balance of GoI subsidy to cover 100% cost	Balance of GoI subsidy to cover 100% cost	Balance of GoI subsidy to cover 100% cost	Nil

5. The above amendments in Andhra Pradesh MSME & Entrepreneur Development Policy (4.0) (2024-29) shall be applicable to all the sector specific Policies already released and to be released in future for the manufacturing enterprises and any new sectoral policies that may be released in future to cater to the specific needs and accordingly amend the Operational Guidelines already released and release the new guidelines accordingly, to be applicable w.e.f 01.04.2025.

6. The Director of Industries, A.P shall take necessary action accordingly and publish a revised Andhra Pradesh MSME & Entrepreneur Development Policy (4.2) (2024-29) (duly updating the amendments so far made) and take necessary action to publish the updated Operational Guidelines for the investments made till 31.03.2025 and beyond 01.04.2025 for better clarity to the MSME investors in the State. Similar exercise should be completed for all other policies already released.

7. Further, it is ordered that the said amendments are applicable for the manufacturing sectors only and not for the Service and Trade Sectors.

8. This order issues with the concurrence of the Finance (FMU.I&I, Energy, I&C) Department vide their U.O.No.FIN01-FMU0ASD(IC)/10/2025 (Computer No. 2874425).

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9. The Director of Industries, AP, Mangalagiri and the CEO, AP MSME Development Corporation, Mangalagiri shall take necessary action accordingly.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

N.YUVARAJ
SECRETARY TO GOVERNMENT & CIP

To
The Director of Industries, APIIC Towers, Mangalagiri.
The CEO, AP MSME Development Corporation, Mangalagiri.
The VC & MD, APIIC Ltd., APIIC Towers, Mangalagiri.
The VC & MD, APIDC Ltd., Hyderabad.
Copy to:
The Director of Handlooms and Textiles, Yerrabalem, Mangalagiri.
The Director of Mines and Geology, Ibrahimpatnam, Vijayawada.
The Managing Director, A P State Financial Corporation, Tadepalli, Guntur.
The Principal Secretary to Government, Finance Department.
The Secretary to Government, Finance Department.
The Secretary to Government, Social Welfare Department.
The Secretary to Government, Tribal Welfare Department.
The Special Chief Secretary to Government,
Revenue (CT/LA) Department.
The Spl. Chief Secretary to Government,
Irrigation & CAD(Reforms) Department.
The Special Chief Secretary to Government, Energy Department.
The Secretary to Government, I&I Department.
The LFB&IMS Department.
The Accountant General, Andhra Pradesh, Vijayawada.
The Convener, State Level Banker's Committee.
The GM, Small Industry Development Bank of India (SIDBI), Vijayawada.
The Pay and Accounts Officer, Vijayawada.
All District Collectors **through** Director of Industries.
All Heads of the Departments **through** Director of Industries.
All Departments of Secretariat, Velagapudi.
All Govt. Companies/Corporations **through** Director of Industries.

The P.S. to Chief Secretary to Government.
The P.S. to Secretary to Chief Minister.
All Private Secretaries to the Ministers.
All General Managers, District Industries Centre in the State **through** DoI.
Sf/Sc

//FORWARDED::BY ORDER//

SECTION OFFICER